

Message Text

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ACTION ARA-10

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TAGS: EGEN, MTN, MX

SUBJ: MEXICAN PRESS REPORTS ON TRA ENTERING UPBEAT PHASE

1. VISIT TO MEXICO BY ASSISTANT SECRETARY OF STATE ROGERS AND RELEASE OF DETAILS CONCERNING GSP AND ITS BENEFITS TO MEXICO HAS SPARKED AN UPBEAT PHASE IN MEXICAN PRESS REPORTS ON TRA AND MORE FACTUAL STATEMENTS.

2. EXCELSIOR PROVIDED MAJOR COVERAGE ON DEC. 8 WITH FRONT-PAGE ARTICLE AND PHOTO OF ASSISTANT SECRETARY ROGERS AND AMB. JOVA AT THE AIRPORT. ARTICLE QUOTES ROGERS' STATEMENT CONCERNING \$6.2 BILLION OF GSP PRODUCTS WHICH ARE SUPPLIED BY BDC'S. BOTH EXCELSIOR AND NOVEDADES NOTED ROGERS' STATEMENT THAT TRA WAS "NOT THE LAST WORD" AS INDICATING THAT PERHAPS ADDITIONAL ADVANTAGES CAN BE GAINED BY MEXICO.

3. FOLLOWING VISIT, BOTH EXCELSIOR AND HERALDO PUBLICIZED ROGERS' WASHINGTON LUNCHEON SPEECH TO U.S.-MEXICAN CHAMBER OF COMMERCE UNDER HEADLINE "ROGERS: MEXICO BENEFITS MOST".. EXCELSIOR IN DEC 14 ISSUE ALSO PROVIDED EXCERPTS OF LUNCHEON SPEECH WITHOUT EDITORIAL COMMENT.

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4. A DISCONCERTING NOTE WAS TRIGGERING BY LOCAL PUBLICITY

FOLLOWING U.S. DEPT. OF COMMERCE REPORT ON U.S. TRADE BALANCES FOR FIRST NINE MONTHS OF 1975. AFP SOURCE ARTICLES STRESSED THAT U.S. BENEFITTED BY FAVORABLE TRADE BALANCE WITH LATIN AMERICA OF \$2.5 BILLION, AN INCREASE OVER \$2.3 BILLION DURING CORRESPONDING PERIOD IN 1974 AND THAT MEXICO HAD BILATERAL TRADE DEFICIT OF \$1,555 MILLION IN FIRST THREE QUARTERS OF 1975, AN INCREASE FROM \$975 MILLION IN CORRESPONDING PERIOD IN 1974. THESE STATISTICS SPOT-LIGHTED MEXICO'S SERIOUS CONCERN ABOUT ITS TRADE BALANCE AND RESULTED IN SOME PRESS COMMENTS THAT GSP WOULD NOT SOLVE MEXICO'S NEED FOR GREATLY EXPANDED EXPORTS.

5. PRESS TODAY QUOTES HELPFUL AND FACTUAL STATEMENTS BY JULIO FAESLER, DIRECTOR GENERAL OF THE MEXICAN FOREIGN TRADE INSTITUTE. HE NOTED THAT 889 DUTY-FREE ITEMS WHICH MEXICO HISTORICALLY EXPORTS TO U.S. REPRESENTED A VALUE OF \$6 BILLION IN 1974 AND THAT 61 ITEMS WHICH WERE EXCLUDED FROM LIST WERE VALUED AT \$7.4 BILLION. HE POINTED OUT, HOWEVER, THAT THERE WAS NO IMPORT RESTRICTION ON 61 ITEMS FOR WHICH AMERICAN PURCHASERS WOULD NEED TO PAY CUSTOMS DUTY. HE NOTED THAT MEXICAN EXPORTERS COULD EXPECT COMPETITION FOR THE U.S. MARKET FROM SUPPLIERS IN OTHER COUNTRIES, ALTHOUGH 74.5 PERCENT OF MEXICAN EXPORTS OF EXCLUDED ITEMS HAD DUTY RATE OF ONLY 5 PERCENT OR LESS. HE STATED THAT GSP LIST HAD MANY ITEMS WHICH MEXICO PRODUCES AND COULD START TO EXPORT, SUCH AS CHEMICALS, METAL MANUFACTURES, NON-METALIC MINERALS, INSTRUMENTS AND SCIENTIFIC INSTRUMENTS - AND URGED MEXICAN INDUSTRIALISTS TO TAKE ADVANTAGE OF THESE OPPORTUNITIES AS WELL AS PREFERENCES OFFERED BY EUROPEAN COUNTRIES, COMMUNIST COUNTRIES, JAPAN AND LAFTA. HIS INTERVIEW CONCLUDED WITH STATEMENT THAT HE AND OTHER INSTITUTE DIRECTORS WOULD BE VISITING MANY AREAS OF MEXICO TO EXPLAIN GSP SO THAT MEXICAN INDUSTRIALISTS AND PRODUCERS CAN BE INFORMED REALISTICALLY AND CLEARLY CONCERNING NEW GSP LAW.

6. WITH REFERENCE TO ROGERS' STATEMENT THAT TRA WAS NOT THE LAST WORD, FAESLER STATED THAT DISCUSSIONS ARE UNDER WAY WITH U.S.G. TO DETERMINE WHETHER PRODUCTS WHICH UNCLASSIFIED

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TRANSIT U.S. FOR EXPORT BUT ARE NOT CONSUMED IN U.S. CAN BE EXEMPTED FROM EXCLUSIONS FOR \$25 MILLION OR 50 PERCENT.

7. COMMENT: EMBASSY HAS RECEIVED INQUIRES ON FOREGOING TRANSIT QUESTION. SOME MEXICAN PRODUCTS ARE PURCHASED BY MIDDLE-MEN IN U.S. AND SUBSEQUENTLY RE-EXPORTED. MEXICO MAY NEED TO USE IN-BOND PROCEDURE FOR SUCH

TRANSACTIONS.

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